

Testimony of:

Janine Epright, CFO
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An Act Concerning an Increase in rates for certain Chronic Disease Hospitals-

My Name is Janine Epright. I am CFO of Gaylord Hospital. Gaylord, located in Wallingford, Ct. is licensed as a Chronic Disease hospital for the State and as a Long Term Acute Care Hospital for Medicare. Gaylord has 137 beds. We offer Medical Complex Rehabilitation services for Connecticut residents as well as patients throughout the northeast. We have a national reputation for the quality services and outstanding outcomes. We employ over 700 individuals and have been in existence since 1902.

Bill no 5481, requests a rate increase for Chronic Disease Hospitals equal or greater to the market basket percentage published in the Federal Register. Gaylord supports this rate increase as we currently lose approximately \$520.00 per patient day for each patient due to the shortfall in Medicaid payments; this represents a \$3,000,000 annual loss. Additionally Gaylord has not received a rate increase since July 2007. Gaylord does not support the qualifier of a Medicaid revenue mix at any percent. This requirement would penalize Gaylord allowing other chronic disease hospitals to receive a rate increase while not providing Gaylord with any increase. That simply is not fair.

Gaylord views treating Medicaid patients as part of its mission. It is similar to the charity / uncompensated care we provide as a non profit institution. Gaylord, in the past, had approximately a 35% Medicaid patients mix but

due to the disparity in reimbursements has had to limit the access of Medicaid patients to a cap of 15% to 20% of our patient mix. Not providing a rate increase could force Gaylord to limit even more Medicaid patients. This is NOT something we wish to do. However, we also need to maintain the financial viability of Gaylord.

Please pass HB 5481 but please amend the bill to ensure that ALL chronic disease hospitals receive the rate increase so badly needed for treatment of Medicaid patients

Moratorium:

Lastly, Gaylord Hospital supports a moratorium on Long Term Acute Care Hospital (LTCH) Beds for the State of Connecticut because it is concerned with the lifting of the Federal Moratorium which expires in December 2012. Without the Federal Moratorium in place, Connecticut will experience dramatic growth in LTCH beds as hospital units within the acute hospitals. The lifting of the federal moratorium passes the responsibility to States, to regulate the growth of LTCH beds. Connecticut has two highly skilled health care providers that have LTCH beds and care for this high acuity patient population. Health care literature indicates that national companies, on the heels of lifting the federal moratorium, are poised to unnecessarily expand these highly specialized beds which would result in an avoidable negative impact on the State Medicaid budget. I assure you that Connecticut State providers, such as Gaylord, regularly assess the need for LTCH beds, at the current time the need for such beds is not warranted. We would be glad to work with the committee to firm up statutory language to this end.

The Center for Medicare and Medicaid Services (CMS) report that the LTCH industry has grown from approximately 240 LTCHs in 2003 to 420 in 2010. Left unrestricted, this growth will trigger significant increases in

expenditures for the State, with more Medicaid patients admitted to LTCHs. Medicare saw an increase in spending due to the growth in LTCH from \$2.8 billion to \$5.3 billion from 2003 to 2010.

As a referral-based, specialty care hospital, Gaylord is concerned on two levels:

- Increased Medicaid costs to the State, and
- The impact that the absence of a moratorium would have on Gaylord Hospital's facility and employees

If patients were shifted from Gaylord Hospital to an Acute Hospital's LTCH unit, Gaylord would experience a tremendous decrease in patient admissions, resulting in a domino effect of lost business revenue, employee layoffs and possible closure as the hospital would need to maintain a census of 105 out of 137 beds to cover costs. Currently we are running at a 110 average daily census and therefore have capacity to increase our census, thus proving that there is no need for additional beds in the State.

Given that the absence of a moratorium will result in a dramatic increase in spending with no effective restraints, we urge you to support a moratorium on expanding long term acute care hospital beds in the State of Connecticut.

I would be happy to answer any questions